GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:3052
ANSWERED ON:04.08.2016
Healthy Competition in Discom
Singh Shri Pashupati Nath

Will the Minister of POWER be pleased to state:

(a) whether the Government proposes to make suitable provisions in the Electricity Act, 2003 to introduce a minimum of three private distribution companies in an area to discourage monopoly of a single company and to provide fair competition;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL, NEW & RENEWABLE ENERGY AND MINES

(SHRI PIYUSH GOYAL)

(a) : No, Madam.

(b) : Does not arise in view of reply to (a) above.

(c) : The existing provision in Electricity Act, 2003 provides for grant of licence to two or more persons for distribution of electricity through their own distribution system within same area. As such, there is already a provision of multiple distribution companies to distribute electricity in a specified area after obtaining the approval from the Appropriate Commission.

However, to discourage monopoly of a single company and to provide fair competition in addition to achieving the objectives of efficiency and for giving choice to consumers through competition in the retail sale of supply, it is proposed to introduce multiple supply licensees in a specified area after segregating the carriage (distribution network) from content (supply) in the distribution sector. The Electricity (Amendment), Bill 2014 introduced in the Lok Sabha on 19th December, 2014 provides multiple supply licensees in a specified area whereas the distribution system shall be with the distribution licensee of that area.

Further, to protect the interest of consumers, the tariff for retail sale of electricity is proposed to be capped through the Regulator and one of the supply licensees is proposed to be a Government controlled company.

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